

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 507 Exemptions from the Tax on Sales, Use, and Other Transactions
SPONSOR(S): Kreegel and others
TIED BILLS: **IDEN./SIM. BILLS:**

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|----------------------------|--------|---------|----------------|
| 1) Agriculture Committee | | Kaiser | Reese |
| 2) Finance & Tax Committee | | | |
| 3) State Resources Council | | | |
| 4) _____ | | | |
| 5) _____ | | | |

SUMMARY ANALYSIS

This bill reaffirms the exemption, adopted by the 2005 Legislature, of the 2.5 percent sales tax imposed on purchases of power farm equipment used exclusively by a farmer for the purpose of low-volume irrigation.

There is no fiscal impact to state or local government.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: The bill reaffirms the elimination of the sales tax on power farm equipment, specifically low-volume irrigation equipment.

B. EFFECT OF PROPOSED CHANGES:

Section 212.08, F.S., provides for specific exemptions from the sales and use tax imposed by chapter 212, F.S. The statutes currently provide more than 200 non-service exemptions. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting purchases or sales by certain types of organizations, such as the government, churches, and charitable organizations.

During the 2005 legislation session, section 212.08(3), F.S., was amended to provide a full exemption for power farm equipment used exclusively on a farm or in a forest for production of agricultural crops or products regarded as agriculture.¹

HB 507 reaffirms that exemption.

C. SECTION DIRECTORY:

Section 1: Amends s. 212.08, F.S.; provides an exemption for power farm equipment.

Section 2: Provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

¹ s. 570.02(1), F.S.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill, as drafted, does not achieve the intended purpose of the sponsor. A strike-all amendment will be offered to achieve the intended purpose.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES